

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In re:</b>	<b>§</b>	<b>Chapter 11</b>
	<b>§</b>	
<b>W.R. GRACE &amp; CO., et al.,</b>	<b>§</b>	<b>Jointly Administered</b>
	<b>§</b>	<b>Case No. 01-01139 (JKF)</b>
<b>Debtors.</b>	<b>§</b>	
	<b>§</b>	

**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING THOSE FEE  
APPLICATIONS WITH *DE MINIMIS* OR NO FEE OR EXPENSE ISSUES  
FOR THE THIRTY-SIXTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have *de minimis*<sup>1</sup> or no fee or expense issues for the Thirty-Sixth Interim Period (collectively referred to hereafter as the “Applications”).<sup>2</sup>

**BACKGROUND**

1. Anderson Kill & Olick, P.C. (“AKO”), was retained as special insurance counsel to the Official Committee of Asbestos Personal Injury Claimants. AKO seeks approval of fees totaling \$454,788.00 and expenses totaling \$8,691.58 for its services during the Application Period.

2. David T. Austern (“Austern”) was retained as the Legal Representative for Asbestos Personal Injury Future Claimants. Austern seeks approval of fees totaling \$1,100.00 and no expenses for his services during the Application Period.

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<sup>1</sup>For purposes of this report, applications with *de minimis* issues are those for which: (1) our recommended reductions total less than \$100, and (2) the applicant has agreed to our recommended reductions.

<sup>2</sup>The Thirty-Sixth Interim Period encompasses January 1, 2010 through March 31, 2010 (the “Application Period”).

3. Beveridge & Diamond, P.C. (“Beveridge & Diamond”), was retained as special counsel to the Debtors. Beveridge & Diamond seeks approval of fees totaling \$31,595.00 and expenses totaling \$60.22 for its services during the Application Period.

4. Bilzin Sumberg Baena Price & Axelrod LLP (“Bilzin Sumberg”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Bilzin Sumberg seeks approval of fees totaling \$60,780.25 and expenses totaling \$30,220.63 for its services during the Application Period.

5. Blackstone Advisory Services L.P. (“Blackstone”) was retained as financial advisor to the Debtors. Blackstone seeks approval of a flat fee totaling \$325,000.00<sup>3</sup> and expenses totaling \$5,872.21 for its services during the Application Period.

6. BMC Group (“BMC”) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. BMC seeks approval of fees totaling \$49,321.00 and expenses totaling \$7,968.45 for its services during the Application Period.

7. Campbell & Levine, LLC (“Campbell & Levine”), was retained as Delaware and associated counsel to the Official Committee of Asbestos Personal Injury Claimants. Campbell & Levine seeks approval of fees totaling \$61,680.50 and expenses totaling \$6,976.62 for its services during the Application Period.

8. Capstone Advisory Group, LLC (“Capstone”), was retained as financial advisor to the Official Committee of Unsecured Creditors. Capstone seeks approval of fees totaling \$276,402.00 and expenses totaling \$537.75 for its services during the Application Period.

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<sup>3</sup>For the Application Period, Blackstone lists 390.9 hours worked, which computes to an effective hourly rate of \$831.41.

9. Casner & Edwards, LLP (“Casner”), was retained as special litigation counsel to the Debtors. Casner seeks approval of fees totaling \$34,191.50 and expenses totaling \$40,582.18 for its services during the Application Period.

10. Charter Oak Financial Consultants, LLC (“Charter Oak”), was retained as financial advisor to the Official Committee of Asbestos Personal Injury Claimants. Charter Oak seeks approval of fees totaling \$80,530.00 and expenses totaling \$39.96 for its services during the Application Period.

11. Day Pitney LLP (“Day Pitney”) was retained as special counsel to the Debtors. Day Pitney seeks approval of fees totaling \$14,028.00 and expenses totaling \$221.20 for its services during the Application Period.

12. Duane Morris LLP (“Duane Morris”), was retained as counsel to the Official Committee of Unsecured Creditors. Duane Morris seeks approval of fees totaling \$54,047.50 and expenses totaling \$2,234.02 for its services during the Application Period.

13. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”), was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Ferry Joseph seeks approval of fees totaling \$50,734.50 and expenses totaling \$9,397.41 for its services during the Application Period.

14. Foley Hoag LLP (“Foley Hoag”), was retained as special environmental counsel to the Debtors. Foley Hoag seeks approval of fees totaling \$81,048.50 and expenses totaling \$276.40 for its services during the Application Period.

15. Holme Roberts & Owen, LLP (“Holme”), was retained as special environmental counsel to the Debtors. Holme seeks approval of fees totaling \$918.50 and expenses totaling \$806.28 for its services for the period of July 1, 2009 through September 30, 2009 (the “Thirty-

Fourth Interim Period”).

16. Kramer Levin Naftalis & Frankel LLP (“Kramer Levin”) was retained as co-counsel to the Official Committee of Equity Holders. Kramer Levin seeks approval of fees totaling \$47,226.50 and expenses totaling \$2,139.19 for its services during the Application Period.

17. Lauzon Bélanger was retained as Canadian counsel to the Canadian Zonolite Attic Insulation Claimants (“Canadian ZAI Claimants”). Lauzon Bélanger seeks approval of fees totaling CDN \$16,143.45 and expenses totaling CDN \$63,709.37 for its services during the Application Period. Lauzon Bélanger was retained by order of the Court dated March 19, 2010, *nunc pro tunc* to December 21, 2009. This is Lauzon Bélanger’s first fee application as a retained professional in the case.

18. Legal Analysis Systems, Inc. (“LAS”), was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. LAS seeks approval of fees totaling \$4,940.00 and no expenses for its services during the Application Period.

19. Lincoln Partners Advisors LLC (“Lincoln”) was retained as financial advisor to David T. Austern, the Asbestos Personal Injury Future Claimants’ Representative. Lincoln seeks approval of fees totaling \$200,000.00<sup>4</sup> and expenses totaling \$2,769.33 for its services for the period of October 1, 2009 through December 31, 2009 (the “Thirty-Fifth Interim Period”), and fees totaling \$225,000.00<sup>5</sup> and expenses totaling \$571.89 for its services for the current Application Period.

20. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as

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<sup>4</sup>For the Thirty-Fifth Interim Period, Lincoln lists 323.8 hours worked, which computes to an effective hourly rate of \$617.66.

<sup>5</sup>For the current Application Period, Lincoln lists 360.8 hours worked, which computes to an effective hourly rate of \$623.61.

special litigation and environmental counsel for the Debtors. Nelson Mullins seeks approval of fees totaling \$864.00 and expenses totaling \$39.33 for its services for the Thirty-Fourth Interim Period.

21. Ogilvy Renault LLP (“Ogilvy Renault”) was retained as special counsel to the Debtors and Debtors-in-Possession in Canada. Ogilvy Renault seeks approval of fees totaling CDN\$187,329.00 and expenses totaling CDN\$3,828.81 for its services during the Application Period.

22. Pachulski Stang Ziehl & Jones LLP (“Pachulski”), was retained as counsel to the Debtors. Pachulski seeks approval of fees totaling \$133,864.50 and expenses totaling \$99,163.68 for its services during the Application Period.

23. PricewaterhouseCoopers LLP (“PwC”) was retained as auditors and tax consultants to the Debtors and Debtors-in-Possession. PwC seeks approval of fees totaling \$1,029,871.17 and expenses totaling \$20,753.76 for its services during the Application Period.

24. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. Reed Smith seeks approval of fees totaling \$83,541.50 and expenses totaling \$8,576.90 for its services during the Application Period.

25. Alan B. Rich (“Alan Rich”) was retained as counsel to the Honorable Alexander M. Sanders, Jr., Legal Representative for Future Asbestos-Related Property Damage Claimants. Alan Rich seeks approval of \$54,600.00 in fees and \$2,752.84 in expenses for his services during the Application Period.

26. The Honorable Alexander M. Sanders, Jr. (“Judge Sanders”), was retained as the Legal Representative for Future Asbestos-Related Property Damage Claimants. Judge Sanders seeks approval of fees totaling \$26,685.00 and expenses totaling \$3,022.32 for his services during

the Application Period.

27. Steptoe & Johnson LLP (“Steptoe”) was retained as special tax counsel to the Debtors. Steptoe seeks approval of fees totaling \$5,238.50 and expenses totaling \$50.09 for its services during the Application Period.

28. Stroock & Stroock & Lavan LLP (“Stroock”) was retained as counsel to the Official Committee of Unsecured Creditors. Stroock seeks approval of fees totaling \$290,697.25 and expenses totaling \$5,468.29 for its services during the Application Period.

29. Towers Watson (“Towers Watson”) was retained as actuarial consultant to David T. Austern, Future Claimants Representative. Towers Watson seeks approval of fees totaling \$855.00 and no expenses for its services during the Application Period.<sup>6</sup>

30. Venable LLP (“Venable”) was retained as special litigation counsel to the Debtors. Venable seeks approval of fees totaling \$436,188.75 and expenses totaling \$116,265.17 for its services during the Application Period.

31. Woodcock Washburn LLP (“Woodcock Washburn”) was retained as special litigation counsel to the Debtors. Woodcock Washburn seeks approval of fees totaling \$1,904.00 and expenses totaling \$1,100.00 for its services during the Application Period.

32. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District

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<sup>6</sup>We noted that the fee detail was missing from Towers Watson’s Application. Pursuant to our request, Towers Watson supplied the missing fee detail, which detail we have attached hereto as Response Exhibit “A.”

of Delaware, Amended Effective February 1, 2010, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

## **DISCUSSION**

33. We have no objections to or issues with, any of the Applications, with the exception of certain *de minimis* issues as explained in the following paragraph and corresponding footnotes.

## **CONCLUSION**

34. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. AKO - \$454,788.00 in fees and \$8,691.58 in expenses;
- b. Austern - \$1,100.00 in fees;
- c. Beveridge & Diamond - \$31,595.00 in fees and \$60.22 in expenses;
- d. Bilzin Sumberg - \$60,780.25 in fees and \$30,220.63 in expenses;
- e. Blackstone - \$325,000.00 in fees and \$5,872.21 in expenses;
- f. BMC - \$49,321.00 in fees and \$7,968.45 in expenses.
- g. Campbell & Levine - \$61,680.50 in fees and \$6,976.62 in expenses;
- h. Capstone - \$276,402.00 in fees and \$537.75 in expenses;
- i. Casner - \$34,191.50 in fees and \$40,582.18 in expenses;
- j. Charter Oak - \$80,530.00 in fees and \$39.96 in expenses;
- k. Day Pitney - \$14,028.00 in fees and \$221.20 in expenses;

- l. Duane Morris - \$54,047.50 in fees and \$2,234.02 in expenses;
- m. Ferry Joseph - \$50,734.50 in fees and \$9,397.41 in expenses;
- n. Foley Hoag - \$81,048.50 in fees and \$276.40 in expenses;
- o. Holme - \$918.50 in fees and \$806.28 in expenses (for the Thirty-Fourth Interim Period);
- p. Kramer Levin - \$47,226.50 in fees and \$2,139.19 in expenses;
- q. Lauzon Bélanger - CDN \$16,143.45 in fees and CDN \$63,709.37 in expenses;
- r. LAS - \$4,940.00 in fees;
- s. Lincoln - \$200,000.00 in fees and \$2,769.33 in expenses for the Thirty-Fifth Interim Period, and \$225,000.00 in fees and \$571.89 in expenses for the current Application Period;
- t. Nelson - \$864.00 in fees and \$39.33 in expenses for the Thirty-Fourth Interim Period;
- u. Ogilvy Renault - CDN\$187,329.00 in fees and CDN\$3,828.81 in expenses;
- v. Pachulski - \$133,864.50 in fees and \$99,163.68 in expenses;
- w. PwC - \$1,029,802.58 in fees (\$1,029,871.17 minus \$68.59)<sup>7</sup> and \$20,753.76 in expenses;
- x. Reed Smith - \$83,541.50 in fees and \$8,576.90 in expenses;
- y. Rich - \$54,600.00 in fees and \$2,752.84 in expenses;

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<sup>7</sup>This reflects a recommended reduction of \$68.59 for time entries which PwC agreed should have been billed at a clerical rate.

- z. Sanders - \$26,685.00 in fees and \$3,022.32 in expenses;
- aa. Steptoe - \$5,238.50 in fees and \$50.09 in expenses;
- bb. Stroock - \$290,697.25 in fees and \$5,468.29 in expenses;
- cc. Towers Watson - \$855.00 in fees;
- dd. Venable - \$436,188.75 in fees and \$116,265.17 in expenses; and
- ee. Woodcock - \$1,904.00 in fees and \$1,100.00 in expenses.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

By:   
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**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 3<sup>rd</sup> day of September, 2010.

  
Warren H. Smith

**SERVICE LIST**  
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